

11-27-3.5 Tax levy to pay state refunding bonds -- Sinking fund -- Payments -- Abatement of tax -- Investment of fund -- Interest rates on bonds -- Security for bonds.

- (1)
- (a) Each year after issuance of refunding bonds by the State Bonding Commission until all outstanding refunding bonds are retired, there is levied a direct annual tax on all real and personal property within the state subject to state taxation, sufficient to pay:
 - (i) applicable refunding bond redemption premiums, if any;
 - (ii) interest on the refunding bonds as it becomes due; and
 - (iii) principal on the refunding bonds as it becomes due.
 - (b) The rate of the direct annual tax shall be fixed each year by the State Tax Commission at the rate fixed for state taxes and the tax shall be collected and the proceeds applied as provided in this chapter.
 - (c) The proceeds of the taxes levied under this section may be appropriated to the applicable sinking fund.
- (2) A sinking fund may be created by resolution of the State Bonding Commission for administration by the state treasurer. The resolution may provide that all money deposited in the sinking fund, from whatever source, shall be used to pay debt service on the refunding bonds.
- (3) The Division of Finance, on or before any interest, principal, or redemption premiums become due on the refunding bonds, shall draw warrants on the state treasury which the treasurer shall promptly pay from funds within the applicable sinking fund. The amount paid shall be transmitted immediately to the paying or transfer agent for the refunding bonds.
- (4) The direct annual tax imposed under this section is abated to the extent money is available from sources, other than ad valorem taxes in the applicable sinking fund, for the payment of refunding bond interest, principal, and redemption premiums.
- (5) The state treasurer may invest any money in sinking funds in accordance with Title 51, Chapter 7, State Money Management Act of 1974, until the time it is needed for the purposes for which each fund is created. All income from the investment of sinking fund money shall be deposited to that sinking fund and used for the payment of debt service on the refunding bonds.
- (6) The proceedings of the State Bonding Commission may specify the rates of interest on the refunding bonds or the method, formula, or indexes by which a variable interest rate on the bonds may be determined while the bonds are outstanding.
- (7) In connection with any refunding bond issued by the State Bonding Commission the state treasurer may enter into arrangements on behalf of the state with financial, and other institutions for letters of credit, standby letters of credit, reimbursement agreements, and remarketing, indexing, and tender agent agreements to secure the refunding bonds and for the payment of fees, charges, and other amounts coming due under those agreements for the purpose of enhancing the credit worthiness of the refunding bonds.

Enacted by Chapter 6, 1984 General Session